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BPA signs up for large geothermal generating project ***If successful, it would be the region's first***

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Bonneville Power Administration

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PORTLAND, Ore. – The Bonneville Power Administration (BPA), in consultation with the Department of Energy (DOE), has signed an agreement with Calpine Corporation to buy up to 49.9 megawatts of electricity from the Fourmile Hill geothermal project in Northern California. The purchase is contingent on Calpine finding a commercially developable source of steam at the site.

"Geothermal energy is very clean compared to burning fossil fuels," said Steve Wright, acting BPA administrator. "Along with wind, solar and other renewable resources, it's a promising source of natural energy here in the West and elsewhere in the country."

Hot water or steam hidden deep under ancient volcanoes in the West has long been considered a desirable source of energy. BPA originally proposed to purchase power for 45 years from a geothermal plant to be located near Vale, Ore., as part of its renewable energy program. When exploratory wells came up dry, BPA agreed to consider a project in the Glass Mountain Known Geothermal Resource Area just south of the Oregon border.

The U.S. Forest Service commissioned an environmental impact statement and reviewed the project extensively with the general public, environmental groups and local tribes. The U.S. Bureau of Land Management, Siskiyou County and BPA were also involved in the review. The Pit River Tribe and others have appealed the decision to develop the site to the federal Interior

Board of Land Appeals. Exploratory drilling had already been approved and can proceed pending a ruling by the board. The plant is expected to begin operating in late 2004.

Secretary of Energy Bill Richardson and BPA believe the project is an important test of the future viability of geothermal energy in the West. The decision to purchase the power will have no bearing on the ongoing appeal.

Although a developable resource has been identified elsewhere in the Glass Mountain area, none has yet been found at the Fourmile Hill site. Calpine expects to commence exploratory drilling next spring. Calpine received an award of \$20.8 million from the California Energy Commission under its new renewable account to help bring the project to fruition.

Under the agreement with BPA, all exploration cost is to be borne by Calpine. If a commercially viable supply of steam is found and the official go-ahead is given by the appeals board, BPA will pay about \$57 a megawatt hour for 20 years. Current long-term market rates are nearly \$50 per megawatt hour.

"An electricity shortage on the West Coast and the rising market cost of power make the project attractive," said Wright.

Rachel Shimshak, director of Renewable Northwest Project, said the project will provide clean, reliable, stable-priced power to BPA at a time when the region needs it.

"We are pleased to see BPA add geothermal to its wind and solar renewable resources," she said.

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